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The Honorable Percival F. Brundage
Director
Bureau of the Budget
Washington 25, D. C.

Dear Mr. Brundage:

This is in reply to your letter of 6 December 1956 conveying the President's suggestion that we minimize our plans for new construction, and even major repairs, during the present period of extremely high business activity. It is my understanding that this policy is intended to apply only to construction in the United States.

According to present plans the maximum expenditure for stateside construction by this Agency for the remainder of Fiscal Year 1957 and for Fiscal Year 1958, exclusive of expenditures for the new headquarters building, will amount to approximately \$135,000 and \$1,000,000, respectively. We will certainly give most careful consideration to the possible curtailment or elimination of this construction during this period.

With regard to the new building, we had anticipated incurring construction obligations in Fiscal Year 1958 of approximately \$42,000,000. The actual expenditures, according to estimates by the General Services Administration, would amount to a maximum of \$8,000,000. As you know, this building is of extreme importance to the Agency. We anticipate that after the building is completed and occupied savings of approximately \$3,200,000 will accrue each year to the Government and that our efficiency and security will be improved tremendously. In addition, the longer we delay construction of the building the more it will cost the Government. For example, since March, 1955, when our original estimates were made, the "Engineering News Record" building cost index has increased by 8.7 per cent.

We appreciate very much your agreement to include estimated obligations of \$42,000,000 for the building in the CIA Budget for Fiscal

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~~Secret~~

Allen M. Dulles
Director

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L. F. WIFE
Deputy Director
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